



**STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING**

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TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director

DATE: September 19, 2007

SUBJECT: Educational Loan Notes

OFFICIAL COHORT DEFAULT RATES DISTRIBUTED

On Monday, September 10, 2007, the U.S. Department of Education (ED) distributed the Fiscal Year (FY) 2005 official cohort default rate notification packages. The Michigan Guaranty Agency (MGA) is pleased to announce that its official cohort default rate decreased to 5.3 percent, a 0.5 percent reduction from the FY 2004 cohort rate of 5.8 percent. MGA attributes this reduction to its early intervention service that contacts select graduated and all withdrawn student loan borrowers to educate them on the repayment process, as well as an aggressive default aversion program. More extensive information concerning national and Michigan FY 2005 cohort default rates will be included in the October issue of *Educational Loan Notes*.

For eligible domestic schools enrolled in the Electronic Cohort Default Rate (eCDR) process, delivery was made to the Student Aid Internet Gateway (SAIG) destination point designated by the school. In addition to the FY 2005 “official” cover letter, ED sent out the FY 2005 “draft” cover letter as well. The two cover letter files, message class SHDRLROP, will therefore contain separately the “official” and “draft” notification letters. To differentiate between the two letters, please pay careful attention to the subject line of each letter. The two letters may help schools compare their “official” vs. their “draft” cohort default rates.

Each eCDR package contained (1) two cover letters (message class SHDRLROP), (2) a reader-friendly loan record detail report (message class SHCDRROP), and (3) an extract-type loan record detail report (message class SHCDREOP). Domestic schools not enrolled in eCDR will not receive notification packages from ED but may download their cohort default rates and accompanying Loan Record Detail Reports at www.nslsdfap.ed.gov.

Eligible foreign schools were mailed a notification package. Foreign schools that have one or more borrowers in repayment are provided data files as an encrypted Portable Document Format (PDF) file on a CD-ROM. A letter with the password needed to



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access the data on the CD-ROM is provided in a separate package. These PDFs were encrypted with Adobe version 7 encryption, so some older versions of the reader may have problems decrypting the file. If you have an older version of the Adobe Reader, please upgrade to version 7 or newer to enable viewing of these documents. The current version, Adobe Reader 8, may be downloaded from the Adobe Web site at www.adobe.com/products/acrobat/readstep2.html.

Please note that if a technical problem caused by ED results in an inability to access the data, schools have **five business days from the receipt of the CDR notification package or password notification letter** (whichever is the latest) to notify Default Prevention and Management at the email address given below.

Time periods for challenging the FY 2005 official cohort default rates under 34 C.F.R. Part 668, Subpart M begin on Tuesday, September 18, 2007, for domestic schools. For foreign schools that were mailed a hard copy notification letter along with their Loan Record Detail Report (LRDR) on a CD-ROM, followed by another letter indicating a password needed to decrypt their Loan Record Detail Report (LRDR), the time period begins on the date that the CDR notification package or password notification letter (whichever is the latest) is received.

In order to complete an adjustment or appeal you may need data managers contact information. Click on a new link entitled, "Numerical Data Managers," from the home page of the Cohort Default Rate Guide at <http://www.ifap.ed.gov/DefaultManagement/finalcdrg.html> where you will find a list of the data managers identified by a three-digit code found on a school's loan record detail report. When you click on the code or state (if no code exists), you will be directed to the data manager list that contains the name, address, telephone number, e-mail, and Web site information for a particular data manager. If ED revises a school's cohort default rate based on its adjustment or appeal submission, the revised cohort default rate will be available on Default Prevention and Management's (DPM) Web site at <http://www.ifap.ed.gov/DefaultManagement/DefaultManagement.html>.

Any school that did not have a borrower in repayment during the current nor any of the past cohort default rate periods will not receive an FY

2005 official cohort default rate notification package. These schools are considered to have no cohort default rate data and no cohort default rate.

For additional information regarding the school cohort default rate calculation or the adjustment/appeal processes, please refer to the Cohort Default Rate Guide at <http://www.ifap.ed.gov/DefaultManagement/finalcdrg.html>. If you have any other questions, please send an email to: fsa.schools.default.management@ed.gov or call the Default Prevention and Management hotline at (202) 377-4259. Questions concerning adjustments and appeals for schools using an MGA guarantee should be directed to Dan Tryon at 1-800-642-5626, extension 34981, or via email tryond@michigan.gov.

2007 FALL SCHOOL WORKSHOP TOPIC DESCRIPTIONS

The Michigan Guaranty Agency is pleased to announce workshop topics for the Fall 2007 School Update workshops. Workshops are tentatively scheduled for November 13 in Grand Rapids and November 14 in Livonia. The following topics will be covered:

- **Federal update:** What do the changes in the budget reconciliation and reauthorization bills mean for your institution, its students, and parents? In this session, you will receive an analysis of the current legislation and the latest information about the status of reauthorization and other legislation, as well as an update on the 2008-2009 application and delivery system.
- **Satisfactory academic progress:** Ever wonder whether your Satisfactory Academic Progress policy meets all the necessary requirements? Bring a copy of your SAP policy to review while we cover not only the basic requirements, but also spend time discussing SAP appeals and awarding issues, as well as legal and ethical issues.
- **FFELP issues:** This session will provide a brief overview of loan basics before exploring the implications of using a Scheduled Academic Year or Borrower-based Academic Year. In addition, you will learn about loan

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proration and apply your knowledge to case studies to determine whether to prorate loans. Additional reference material will be provided for use in your office.

- **Professional judgment:** This interactive session incorporates a variety of realistic case studies that will engage you in discussions with your colleagues. You will discuss the dos and don'ts of making professional judgment decisions and adjustments, ethical considerations, suggested documentation, and what needs to be included in your policies and procedures.

If you have questions or suggestions to include in the workshops, please feel free to contact Flora Boles at extension 52882 or via email at bolesf@michigan.gov.

ENTRANCE AND EXIT COUNSELING DVDS AVAILABLE FOR SCHOOLS

DVDs designed for entrance and exit loan counseling are now available from MGA. These replace the VHS tapes that have been offered in past years. These DVDs entitled, *Investing in your Future: What You Should Know About Student Loans*, are produced by Sallie Mae and may be ordered online on the [MGA In-house Supplies](#) order form.

Turning an investment in education into success is the theme for the DVD counseling sessions. Student interviews and comments from financial aid professionals highlight borrower rights and responsibilities, repayment preparedness, repayment options, and the importance of communicating with lenders. Tips on proper organization and budgeting are included in both entrance and exit versions. Other topics covered during the 12-minute presentations include:

- Coping with difficulties in repayment
- Building credit history
- Repayment options
- Deferment/forbearance
- The dangers of default
- Locating loans
- ED's Ombudsman's office

Copies of the DVDs are available at no cost to schools. Order them [online](#) or contact your MGA School Services representative at extension 36074.

MYF OFFERS ONLINE STUDENT LOAN COUNSELING TRAINING

In an effort to keep schools well informed, the Michigan Guaranty Agency, sponsor of Mapping Your Future (MYF), invites you to participate in MYF training sessions to provide schools with information about Online Student Loan Counseling (OSLC). The training will include an online presentation with audio via conference call.

Due to space considerations, you should consider which training session best fits your needs and only register for one training session. Both sessions will have common elements, but the focus of the presentation will vary to speak more directly to beginners or to advanced users.

Beginner OSLC Training Session

This session will be geared to OSLC users who have less than a year's experience using OSLC and/or those who are unfamiliar with the basics of retrieving records or the customization options.

Two sessions have been scheduled for the Beginner OSLC Training:

October 2, 2007 at 3:00 p.m.

November 15, 2007 at 11:00 a.m.

Advanced OSLC Training Session

This session will be geared to OSLC users who have more than a year's experience and would like more detailed information on customization options and advanced reporting, such as ad hoc reporting and electronic record retrieval options.

Two sessions have been scheduled for the Advanced OSLC Training:

October 18, 2007 at 11:00 a.m.

October 30, 2007 at 3:00 p.m.

The sessions are scheduled for one hour each. The purpose of the training opportunity is to provide information on fully utilizing Online Student Loan Counseling to benefit your school and your students. The training is designed to benefit financial aid administrators and will review topics such as managing users, report options, and customization features.

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Registration

You must register in order to participate. To register for the training, complete the form located at mappingyourfuture.org/services/oslcTraining.cfm. The Mapping Your Future staff will send access instructions once your registration is confirmed.

MAPPING YOUR FUTURE RELEASES STAFFORD AND GRAD PLUS COMBINED EXIT COUNSELING

[Mapping Your Future](http://mappingyourfuture.org) now offers Stafford and Grad PLUS combined exit counseling as part of Online Student Loan Counseling (OSLC), enabling students who receive both types of loans to complete their exit requirement at one time. This latest offering is in addition to several other counseling sessions offered on the site, including Stafford and Grad PLUS combined entrance counseling (available since early 2007).

This counseling session provides information and advice on repayment and how to avoid delinquency and default when borrowing both a Stafford and Grad PLUS loan. Current regulations require students to complete an exit interview after the student withdraws, graduates, or ceases at least half-time attendance if they had a Stafford loan, but not a Grad PLUS loan. However, proposed federal rulemaking recommends students complete Grad PLUS entrance and exit counseling. For more information about the proposed rules, visit <http://www.ed.gov/policy/highered/reg/hearulemaking/2007/nprm-loans-2007.doc>.

To experience Stafford and Grad PLUS exit counseling from the student perspective, follow these steps:

1. Go to the Mapping Your Future home page at mapping-your-future.org.
2. Mouse over "Student Loan Counseling Interview" on the site menu on the left side of the page.
3. Select "Stafford and Grad PLUS exit counseling."
4. Choose Texas as your state.
5. Select the MYF Demo School.

Schools that have an existing OSLC account and would like to add Stafford and Grad PLUS loan exit counseling to their participation categories should contact Beth Ziehmer at [feedback@](mailto:feedback@mappingyourfuture.org)

mappingyourfuture.org or (573) 796-3730. Schools that do not have an OSLC account should complete the school submission form at mappingyourfuture.org/fao/signup/ to request participation.

OSLC enables schools and students to meet federal loan counseling requirements conveniently. It also enhances the loan management education of the student by actively involving them in the counseling, making OSLC an important default prevention tool. It can provide busy school staff with an opportunity to spend more time with those students needing assistance in the loan process. OSLC is a free service provided by the guaranty agencies from around the country that sponsor Mapping Your Future, as well as the Friends that support the Web site.

Mapping Your Future offers a variety of OSLC sessions in addition to Stafford and Grad PLUS loan exit counseling, including:

- Stafford entrance (English and Spanish)
- Stafford exit (English and Spanish)
- Perkins entrance
- Perkins exit
- Stafford and Perkins combined entrance
- Stafford and Perkins combined exit
- Nursing entrance
- Nursing exit
- Health Professions Student Loan entrance
- Health Professions Student Loan exit
- Grad PLUS entrance
- Grad PLUS exit
- Stafford and Grad PLUS entrance

Based in Round Rock, Texas, Mapping Your Future is a national collaborative, public-service organization of the financial aid industry, bringing together the expertise of the industry to provide services online. Since 1996, Mapping Your Future has received a number of awards, including recognition for its excellence in content and innovation in technology services.

Mapping Your Future provides step-by-step instructions on career selection, college planning, and financial aid. In addition, the site includes financial literacy information and tools, career and college planning topics, and online customer service for schools and their students.

HIGH SCHOOL COUNSELOR VIDEO CONFERENCE

Time is winding down, but you can still register for the 2007 High School Counselor Video Conference scheduled for Friday, November 2, from 9:00 a.m. – 12:00 p.m. The conference is broadcast live from the WKAR public television studio located at Michigan State University in East Lansing.

All financial aid staff are welcome to attend, but registration is necessary. Reservations may be made by contacting the site host at the location you plan to attend. The deadline for registering is October 10, 2007.

This year's conference will feature updates to financial aid programs and will include the following:

- Updates on the State of Michigan and federal financial aid programs
- College Goal Sunday
- Michigan Education Trust/Michigan Education Savings Plan (MET/MESP)
- Youth in Transition Program for foster care youth

[Registration materials](#) including contact information and updates to the list of host sites are available on the Student Financial Services Bureau Web site at: www.michigan.gov/studentaid. Select the tab labeled "Students and Parents," and click on "High School Counselors."

The video conference is co-sponsored by the Michigan Student Financial Aid Association (MSFAA) and the Student Financial Services Bureau. For questions, please contact Peggy LaFleur via email at lafleurp@michigan.gov or at extension 38319.

NSLDS REPORTING REMINDER

Federal law requires lenders and lender servicers to report to their guarantors all status changes throughout the life of a loan. MGA encourages its lenders to report status changes on a monthly basis. It is crucial that loan information is updated and reported in a timely manner so MGA loan data will match

the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate.

Status changes to report include, but are not limited to:

- Enrollment status changes
- Cancellation of all or a portion of the loan
- Loan sales or transfers
- Disbursement date changes
- Date loans enter repayment
- Loans that have been paid-in-full or consolidated

Forms currently used by lenders to report changes are:

- Loan Maintenance form
- Borrower/Student Personal Information form
- Sub/Unsub Reallocation form
- Disbursement Change form
- Loan Change form
- Loan Transfer form
- Social Security Number Change form

These forms may be ordered via MGA's Web site at mgaloan.com by choosing "Order Supplies" from the Forms/Documents drop-down menu in the MGA Quick List and selecting the [MGA Forms and Supplies Distributed by SallieMae](#) link.

THE "ED" PIPELINE

Following is a description and link to some of the most recent ED correspondence for schools and lenders.

Dear Partner
August 2007
[CB-07-14](#)

This letter provides information about supplemental campus-based awards for the 2007-2008 award year.

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Dear Partner
September 2007
[GEN-07-05](#)

This letter clarifies an institution's responsibilities to release information under the Federal Freedom of Information Act (FOIA) and the Federal Family Educational Rights and Privacy Act (FERPA).

LENDER LIST UPDATES

School personnel continuing to use their paper copy of MGA's "Participating Lender List" should record the following actions on the list dated May 4, 2007. Please make the appropriate changes in all sections of the list as needed.

To access the most current lender information and eliminate the need for manual updates, use the electronic version of MGA's "Participating Lender List" available at mgaloan.com. From the MGA Quick List, click on the Forms/Documents dropdown menu to link to the Participating Lender List.

If you have any questions regarding these updates, please contact Pat Fromm at extension 36076 or via email at frommp@michigan.gov.

Lender Name Changes

College Loan Corp/JPMCB as Trustee, 833733, has changed its name to College Loan Corp BONY Trust Co ELT.

Deutsche Bank Trust ELT for College Loan Corp, 833923, has changed its name to College Loan Corp BONY Trust Co ELT.

Servicer Name Change

Suntech, 700194, has changed its name to Chase Student Loan Servicing.

Referral Program Change

Century Bank & Trust, 805849, has terminated its referral lender participation with Zions Bank

ELT for EMT Corp., 833495. It is now a referral lender with LaSalle Bank Midwest, N.A., 830525.

No Longer Participating

Portland Federal Credit Union, 829348, is no longer participating.

SCHOOL LIST UPDATES

The following changes should be recorded by lenders on MGA's "Active Michigan School List" dated July 27, 2007. If you have any questions regarding these changes, please contact our School Services Unit extension 36074.

CORRECTION

Northern Michigan University, Marquette, 002301-00

The contact person should remain Scott Thum, Assistant Financial Aid Director. Scott's telephone number is 906-227-1563, fax number 906-227-2321, and email address is sthum@nmu.edu.

Contact Information Update

Olivet College, Olivet, 002308-00

The main contact is Libby Jean, Interim Financial Aid Director. Libby's telephone number is 269-749-7655, fax number is 269-749-3821, and email address is Ljean@olivetcollege.edu.

School Name Change

Olympia Career Training Institute, Grand Rapids, 021004-00, and Kalamazoo, 021004-01, has changed its name to Everest Institute.

Address Change

Ross Medical Education Center, Saginaw, 020997-00

Delete the street address 4054 Bay Road. The new address is 4300 Fashion Square Boulevard, Suite 202, Saginaw, Michigan 48603.



“Q” AND “A”

NO WORKER LEFT BEHIND

What is “No Worker Left Behind?”

In Governor Jennifer Granholm’s 2007 State of the State Address, she proposed *No Worker Left Behind* (NWLB) – a free tuition program to help Michigan workers acquire the skills necessary to obtain good-paying jobs in Michigan. This program accelerates training to help workers transition to good-paying jobs in high demand and emerging fields, along with filling job vacancies in fields that will bolster further economic growth and align existing training resources to meet the needs of employers.

Who can participate in NWLB?

Anyone who is currently unemployed, or has received a notice of termination or layoff from employment, or any employed person with a family income of \$40,000 or less. Participants must be at least 18 years old, must not have graduated from high school in the last two years, and must not be a full time college student. A skills assessment must be completed by the Michigan Works! Agencies (MWAs). NWLB expects to train 100,000 citizens in three years for high demand occupations, emerging industries, or entrepreneurial endeavors. These candidates will receive up to two years worth of free tuition at any Michigan community college, university, or other approved training program through pursuing a degree or occupational certificate. Local MWAs will assist participants in identifying high demand occupations in their region along with placing participants in jobs related to their newly acquired training and education. MWAs will collaborate with education/training providers to leverage employer’s connections and institutional placement services already available.

How does NWLB work?

NWLB is a one-time offer, available on a first-come, first-serve basis. Participants have three years to sign up for the program beginning August 1, 2007. Training must be completed within four years of enrollment. Tuition of up to \$5,000 per year for two years is available to cover costs, including instructional costs, books, materials, fees (such as application costs, registration, and laboratory fees), and academic supportive services (counseling and career advising). The total amount allowed for each person is \$10,000. NWLB also includes resources to assist with childcare expenses.

Class work may be completed online or over weekends giving students more options to accommodate their schedules. Each participant has just one opportunity to receive the free tuition. If a person is hired through NWLB and then is laid off, that person should contact their local MWA to see if they qualify for other programs.

Where is information found regarding No Worker Left Behind?

Visit www.michigan.gov/nwlb for more information. There are many links on this Web site. The frequently asked questions section, along with a fact sheet and current updates to the program provide information regarding the program. There are three main sections which include Jobs Today, Jobs Tomorrow; Gateway to Opportunity; and No Worker Left Behind. To view the top 50 jobs in Michigan or to locate your local MWA, click on links in the Jobs Today, Jobs Tomorrow section. This site has valuable information that will assist displaced and underemployed workers to become students and future highly educated employees.

Is there a topic you would like to see addressed in a future “Q” and “A”? Send your suggestions to Jim Peterson, editor, at petersonj@michigan.gov.

Calendar of Upcoming Events

October 2007

- | | |
|----------|---|
| 2 | Mapping Your Future
Beginner OSLC Online Training |
| 7-10 | MASFAA Conference
Renaissance Hotel
St. Louis, Missouri |
| 18 | Mapping Your Future
Advanced OSLC Online Training |
| 30 | Mapping Your Future
Advanced OSLC Online Training |
| 30-Nov 2 | Federal Student Aid Conference
(formerly known as EAC)
Sheraton New Orleans
New Orleans, Louisiana |

November 2007

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|-------|--|
| 12 | MGA Offices Closed |
| 13 | Fall School Workshop
Grand Rapids Community College
Tassell M-TECH
Grand Rapids, Michigan |
| 14 | Fall School Workshop
Schoolcraft College
VisTaTech Center
Livonia, Michigan |
| 15 | Mapping Your Future
Beginner OSLC Online Training |
| 22-23 | MGA Offices Closed |
| 26-29 | Federal Student Aid Conference
(formerly known as EAC)
Manchester Grand Hyatt San Diego
San Diego, California |

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944 or via email at petersonj@michigan.gov.